



King County

Department of Community and Human Services

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FINAL PROCUREMENT PLAN

Veterans and Human Services Levy: 2.3

Landlord Risk Reduction Fund

1. Goal (Overarching Investment Strategy)

The Veterans and Human Services Levy Service Improvement Plan (SIP) set a goal of ending homelessness through outreach, prevention, permanent supportive housing and employment (page 18 of the SIP).

2. Objective (Specific Investment Strategy)

Increase permanent housing units for veterans and other persons in need (page 20 of the SIP).

3. Population Focus

This initiative will serve homeless veterans and their families and others in need, including single adults, homeless young adults and families with children, who are encountering barriers to accessing permanent housing. Up to 20% of those served will be considered long-term or chronically homeless.

4. Need for Services

According to the goals of the *Ten-Year Plan to End Homelessness in King County*, approximately 4,725 units of existing housing will be needed to help solve the crisis of homelessness in King County. We do not have the capacity to build all of the housing needed to solve homelessness; consequently, we need incentives for private landlords to rent to homeless households who they may perceive to be high-risk because of poor rental histories, poor credit issues or previous criminal justice system involvement.

The risk reduction fund will provide a type of insurance to landlords to cover the costs of monetary damages such as delinquent rental payments or excessive physical damage done to a unit. The risk reduction fund will be paired with other funding sources to create a landlord liaison project, with staff who will administer the risk reduction fund. The project will recruit private and non-profit landlords and will pair a high risk client and their service provider with a landlord who has a housing unit available. In exchange for a landlord's participation in this project, they will receive access to the risk reduction fund for damages, as well as assurances that the tenant will receive ongoing supportive services. The need for this type of barrier removal assistance to improve access to permanent housing is noted in the

Veterans and Human Services Levy (V-HS Levy) Service Improvement Plan (page 20 of the SIP).

5. Funds Available

\$1 million

- Total available for the Landlord Risk Reduction Fund is \$1 million in 2006 funds as a one-time investment. Of that amount, \$500,000 is available for veterans and \$500,000 is available for other persons in need.

Please note: \$250,000 of the V-HS Levy funds for housing stability will be paired with the Landlord Risk Reduction Fund as part of the landlord liaison project. More information about that funding can be found in the procurement plan titled: “Invest in Housing Stability Program”.

6. Program Description:

The Landlord Risk Reduction Fund will be invested and maintained by King County. A non-profit organization will be selected to work with King County to administer the fund and operate the landlord liaison project. This entity will be selected through a competitive Request for Qualifications (RFQ) process that will be announced in early fall and conclude in December. Since the V-HS Levy funding for the risk reduction fund only covers the one-time start up costs to establish the fund, other funds will be leveraged to cover the necessary administration and coordination efforts with landlords and agencies serving the target populations.

The entity selected to work with King County to administer the fund must have demonstrated experience and working relationships with a wide variety of non-profit and private landlords, agencies serving veterans, and other service providers countywide, and have experience administering rental assistance and accounting for public funds. The agency must also have a history of assisting homeless people in finding and moving into permanent housing and working collaboratively in the community.

Landlord Liaison Project

The primary strategy of the landlord liaison project is to reduce barriers to, and provide supports for homeless persons entering permanent housing and then help them maintain housing and increase their stability over time. This is accomplished through landlord and service provider partnerships, access to a toolkit of resources for tenants, and intensive outreach to identify and engage private market and non-profit property owners. The landlord liaison project will be a centralized model containing key components needed to effectively address the challenges that homeless individuals and families face in accessing and retaining permanent housing. King County has secured funding partners for this model, including the City of Seattle and United Way of King County.

The landlord liaison model is based on research of national best practices and local experience and includes such tools as: move-in assistance, time-limited rental assistance, eviction prevention funds, credit/ background reports, the Landlord Risk Reduction Fund, tenant and landlord education and training, landlord outreach and housing search assistance. This complete toolkit is necessary to create incentives for landlords to reduce the screening

criteria that result in barriers to housing. The project will also provide added supports to participants through eviction prevention funds and specialized agreements with service providers to help households remain in their housing if a crisis arises. There will be agreements with at least one service provider representing each subpopulation served by the landlord liaison project, including young adults, families, individuals, chronically homeless people and veterans.

Landlord Risk Reduction Fund Administration

The Landlord Risk Reduction Fund is a key component of the landlord liaison project and will be the primary incentive to encourage landlords to rent to clients with poor credit and rental histories. The fund will provide added assurance to landlords by offering the option to be reimbursed for excessive damages to a unit or limited legal costs beyond the amounts covered by a security deposit. For example, the maximum amount of a claim may be up to \$5,000.00 to repair a unit that has undergone significant damages and is currently uninhabitable. King County will hold management and oversight responsibilities for the fund and the landlord liaison project staff will oversee the process of approving and submitting claims to King County for damages. Specific costs and reimbursable amounts for damages will be determined once the landlord liaison entity is hired. However, examples of typical costs may include the following:

- Carpet: \$800 - \$1,400 (1 to 3 bedroom unit)
- Vinyl floor: \$200
- Wall damage: \$200
- Cleaning: \$110 - \$150
- Garbage hauling: \$150
- Legal costs: \$350

Claims made to the fund will be initiated by the landlord liaison project staff through a process that includes the following steps: 1) a written and signed request from the landlord to the landlord liaison project for documented damages made by the tenant to the unit, 2) a signed inspection and written verification from the landlord liaison project staff confirming damages and a list of costs for repairs (staff will inspect the unit for damages and compare the move-in and move-out “walk-through” check-list to confirm that damages were not present prior to the tenant moving into the unit), 3) approval of the claim by King County based on set payment standards for typical damages, and 4) payment made by King County to the landlord for documented costs. Please note that a scale of typical damage costs and payment limits will be developed by King County and payments will be made within established ranges based on market costs for each item. There will also be a set maximum limit for claims to the fund. All policies related to administering the fund and the process for calculating and submitting claims to King County will be finalized once the landlord liaison project entity is hired.

7. Coordination/Partnerships and Alignment Within and Across Systems

The Levy Service Improvement Plan calls for alignment with the Committee to End Homelessness (CEH) (page 34 of the SIP) and the *Ten-Year Plan to End Homelessness*. King County Department of Community and Human Services (DCHS) and its divisions and

programs have prioritized the goal of ending homelessness and work in very close partnership with the CEH and other funders in King County.

The landlord liaison project and risk reduction fund concept originated out of a year-long CEH planning effort called the “Success in Housing Implementation Workgroup” or “SHIP.” This group was tasked with doing research and interviews in the community with landlords and homeless service providers to examine issues surrounding access to and maintenance of housing for households that have experienced homelessness and have barriers to securing housing. As a result of these interviews and research from national best practices, the workgroup proposed a model that will create a system to increase access to private market and non-profit owned permanent housing for homeless people who would otherwise not be able to meet the screening criteria to rent an apartment on their own. This model incorporates a number of key components such as the risk reduction fund, housing search assistance and time-limited rental assistance, and as a result will represent necessary coordination of four different fund sources from three local funders: King County, City of Seattle and United Way of King County. All funding will be packaged through one application process and one contract that will be administered by King County Housing and Community Development Program (HCD), with aligned reporting requirements.

8. Timeline

Activity	Date
Application announced	September 2007 (exact date to be determined)
Applications due to King County	October 2007 (exact date to be determined)
Application review and funder interviews with applicants	November 2007
Award announced	December 2007

9. Selection of Projects/Activities

Two members of the V-HS Levy Oversight Boards will each be invited to send a representative to participate in the process of reviewing and making recommendations for funding the entity that will work with King County to administer the landlord risk reduction fund and operate the landlord liaison project. DCHS’ HCD program staff will conduct an initial threshold review of the proposals and then applications will be distributed to review team members to be read and scored individually, based on set criteria. Once applications have been reviewed, scores will be summarized and the review team will meet as a group to discuss the highest ranked proposals. Reviewers will also have the opportunity to interview applicants. The review team will make award recommendations to the DCHS Director, who will make the final funding decision. The review team members will represent of a variety of geographic and programmatic areas, as well as the other funders involved in the RFQ process.

10. Geographic Coverage

The agency selected to work with the Landlord Risk Reduction Fund will have knowledge of resources and experience to work and travel throughout King County. The project will also work with other social service agencies, clients and landlords countywide.

11. Funding/Resource Leverage

The V-HS Levy Landlord Risk Reduction Fund will leverage up to \$1.4 million in funding from four different fund sources, including: King County V-HS Levy Housing Stability funds, King County Homeless Housing and Services Fund, City of Seattle and United Way of King County. Please note that \$250,000 of the V-HS Levy -- Prevent Homelessness from Reoccurring funds will be dedicated to this project. The funding contributed to this project by fund source and activity includes the following:

Fund Source	Activity	Funding Amount
King County Vets and Human Services Levy	Landlord Risk Reduction Fund	\$1,000,000 (one-time allocation)
King County Vets and Human Service Levy – Housing Stability Funds	Move-in assistance, time-limited rental assistance, eviction prevention	\$250,000
King Homeless Housing and Services Fund	Project staffing and administration	\$308,000 \$20,000 (one-time allocation for start-up)
City of Seattle	Move-in assistance, time-limited rental assistance, eviction prevention	\$250,000
United Way of King County	Project staffing and direct client assistance for credit and background reports and moving costs	\$230,000

12. Evidence-based Best Practices

Levy funds will be invested in this model through the coordination of key funding sources needed to make permanent housing available to those with barriers to renting housing in our competitive rental housing market and to help support participants once they are housed.

The Landlord Risk Reduction fund and landlord liaison project is modeled after a number of “best/promising practice” initiatives in Oregon, Washington State, Minnesota and New York, including: the Oregon Second Chance Renter Rehabilitation Program, the City of Portland Risk Mitigation Pool, the City of Portland Fresh Start Program, the King County Certificate of Rehabilitation Pilot Project, the Washington State Rental Security Deposit Guarantee Program, the United Way of King County Ready to Rent Program, the Minnesota Rapid Exit Program and the New York City Housing Stability Plus Program¹.

13. Disproportionality Reduction Strategy

In King County’s homeless population, people of color are over-represented relative to their proportion in the general population. According to the One Night Count, 58% of those

¹ Landlord Incentives and Protections, Encouraging Landlords to Rent to Recovering Substance Abusers, Report to the Washington State Legislature 2006, Department of Community Trade and Economic Development

counted were persons of color. Persons of color are also overrepresented amongst homeless households with noted barriers to securing permanent housing. Given the apparent need and importance of continuing to serve these populations, HCD program will announce funding availability widely and prioritize an applicant that has a depth of experience working with diverse homeless populations throughout King County. The HCD program will also prioritize an applicant who will work to ensure that the Landlord Risk Reduction Fund benefits a wide variety of partnering service organizations and their clients and who will work with community organizations, especially those serving persons of color, and landlords to address barriers to accessing housing and services. The Landlord Risk Reduction Fund and landlord liaison project is specifically intended to help reduce the high percentage of persons of color who are homeless.

14. Dismantling Systemic/Structural Racism

DCHS, CSD and its HCD program are working with its Undoing Institutional Racism Committee to identify and remove barriers in our application processes to ensure that our process is as inclusive as possible. HCD will conduct outreach to build an inclusive mailing list for our RFQ to assure that agencies serving minority populations are aware of the funding opportunity and the resource that will result from this procurement plan. HCD will prioritize applicants for funding that address housing barriers and that explain how the project might overcome barriers that have a disproportionate impact on racial and ethnic groups.

The primary goal of the Risk Reduction Fund and the landlord liaison project is to directly eliminate barriers to housing for homeless people with poor credit and rental histories, criminal backgrounds, and histories of mental illness or substance abuse. HCD will work closely with the funded organization to ensure that they have a strong outreach plan to develop partnerships with a wide variety of organizations, especially those serving communities of color, and that they serve people with diverse needs and backgrounds.

HCD makes special note of fair housing requirements in our application and contracting processes, and in our monitoring of agencies. We intend to increase monitoring to ensure that projects funded through the levy are complying with fair housing requirements and are following through on the plans expressed in their answers to related questions in the application. We will also work with the funded organization to assure that the supportive services to be coordinated with the housing will contain a related strategy for dismantling systemic racism. Please note that fair housing laws do not allow housing providers to target permanent housing projects for households of a particular race, ethnicity, gender, etc., therefore, we must approach racism in the housing arena through emphasis on equal and fair access.

15. Cultural Competency

All DCHS staff have attended a cultural competency training related to RFP's and contracts so that we can improve our own cultural competency and better reach out and make funding resources more accessible to organizations that are serving diverse populations in culturally sensitive ways. All Requests for Proposals or RFQ's include questions about cultural competency and how the ethnic and cultural make-up of clients served are considered in agency planning, evaluation and service provision.

The HCD program will prioritize an applicant that provides ongoing training to program staff on cultural competency and values the acceptance of cultural differences, languages and traditions. In addition, we will prioritize applicants that have a plan to assess and accommodate the language and cultural needs of program participants, and to the extent possible use this information for future organizational planning.

16. Improvement in Access to Permanent Housing and Supportive Services

The primary purpose and reason for the Landlord Risk Reduction Fund is to improve access to permanent housing and services and to create more housing choices for homeless people who would not otherwise have many housing options. Landlords are reluctant to rent apartments to individuals and families they perceive to be high-risk, either because of poor credit issues, previous criminal justice involvement, or the presence of mental illness or substance abuse disorders. The creation of a risk reduction/ insurance fund to cover the costs of delinquent rental payments or damage done to units gives housing providers a tool to persuade landlords to rent to higher risk tenants, thereby making it easier for them to find permanent housing (page 20 of the SIP).

17. Outcomes

There are three levels of outcomes that HCD intends to measure for the Landlord Risk Reduction Fund and landlord liaison project:

- Short-term outcomes - HCD will measure improved access to housing in terms of the number of additional housing opportunities created and the number of housing units made available to homeless people through the landlord liaison project and the availability of resources such as the risk reduction fund, time-limited rental assistance, supportive services and tenant education.
- Medium-term outcomes - HCD will work with the agency selected to administer the program and their partnering services providers to measure tenant stability in permanent housing through indicators such as retention of permanent housing, reduced use of public services and expensive interventions, and tenant's perception of quality of life and well-being.
- Long-term outcomes - HCD will work with the community at large, CEH and other public funders to measure reduction in homelessness, reduction in the number of households that are severely cost burdened and at risk for homelessness and reduction in the percentage of homeless persons that are persons of color.

18. Process and Outcome Evaluation

The Landlord Risk Reduction Fund and landlord liaison project will be evaluated on both process and outcomes by evaluators hired in the DCHS, Community Services Division. The HCD program will work with the evaluators to measure the effect of the Levy on process issues such as startup activities, contracting processes, collaboration and system level changes that occur, and on the outcomes listed above. Typical outcomes for this type of project are increased access to housing and residential stability, both of which are in alignment with the overall goals of the Levy.